

82-0298 1L

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Comments on Monthly Management Review Process

DD/A Registry

82-0298

FROM: Harry E. Fitzwater  
Deputy Director for Administration  
7D18 HQ

EXTENSION

NO.

DATE

2 FEB 1982

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Executive Director  
Room 7D55 HQ

2.

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11.

12.

13.

14.

15.

*I would like to  
discuss at your  
convenience.*

## MONTHLY MANAGEMENT REVIEW (MMR) PROCESS

### OBJECTIVE

The Monthly Management Review is an exception reporting forum for the Director and Senior Managers. Its purpose is to surface project problems on a timely basis both for an awareness of the issues as well as involvement early enough to influence the outcome.

Senior managers are personally accountable for exception reporting in the MMR, and the agenda development process provides for their direct involvement.

### AGENDA DEVELOPMENT

Topics presented include troubled projects or problems relating to any program activity or issue impacting the Agency's (current or future) operational capacity. A list of candidates is prepared and forwarded to the Director. The list contains a brief description of the types of problems being encountered, e.g., financial, technical, adverse mission impact, etc. A color coding (Green, Yellow, Red) is used to highlight the severity of problems. Alternatively, for problems which do not fit this description format, a brief narrative highlight (two or three sentences) is used. Topics are categorized as follows:

1. Those with unresolved issues from a previous MMR.
2. Those requested by the Director.
3. Those requested or volunteered by other Senior Managers.

### PREPARATION PROCESS

#### A. Format and Visual Displays.

The format and visual displays used in the MMR are designed to optimize exception reporting, both for the briefer and for the audience. Generally, all topics are presented using the MMR standard visual displays. Projects, systems acquisitions, or similar activities which involve events occurring over a period of time, as well as financial considerations and personnel, must be illustrated using a milestone chart (Tab A), a funding profile (Tab B), and a personnel profile (Tab C.). Further, those efforts which are to culminate in an initial operational capability (IOC) any time prior to the last Program Year, must include life cycle estimates of O&M costs both for people and for dollars.

In most instances, each presentation is no longer than four minutes briefing time, zeroing in on the issues and problems. Any background information required for a better understanding of the problems or issues is provided in writing (Tab D) for inclusion in the MMR Coordination.

B. Narrative Inputs:

A written input for each topic must be provided using the format prescribed in Tab D. The narrative must include a brief description of the effort to be presented, a short background if required, and specific comments regarding the problems, particularly those which have been color coded yellow or red. If the topic is not the type to which the MMR color codes, categories, and formats readily apply, appropriate statements of the problem and the impact are required. For each problem stated, the options, alternatives, approaches, and/or recommended solutions also must be stated. The inclusion of possible or desirable solutions is considered a crucial element in the MMR forum. Narratives must be clearly marked with the appropriate classification, to include any special access requirements, in order to protect the information properly and to control the attendance during the MMR.

PRESENTATION

Individuals directly responsible (e.g., the project manager, the systems acquisition manager, the chief of the organization in which the problem is actually occurring) for the items selected for presentation are to brief in the MMR.

ATTENDANCE

Attendance at the MMR is limited to Senior Managers. It is neither necessary nor desirable to have anyone without a direct involvement in a given topic presented to attend the MMR.

FOLLOW-UP ACTIONS AND SUBSEQUENT REPORTING

Following each MMR, actions resulting from the presentations given are documented and a follow-up action memo is issued tasking appropriate Senior Managers.

TAB  
A

### FUNDING PROFILE

1. The funding profile is a critical element of the MMR. Financial activity frequently affects other problems, particularly schedules. Therefore, it is absolutely essential that a thorough, coordinated profile is prepared for the MMR. To do so the following procedures will be used:

a. The Key Component presenting an MMR topic is responsible for completing and submitting a Funding Profile display.

b. Key Components will contact N2 to determine the FIN PLAN figures which will appear on the "ACTUAL/APPROVED" line entry for each appropriation.

c. Key Components are solely responsible for the "PMO ESTIMATE" line entry. Any differences between this and the "ACTUAL/APPROVED" line will be addressed by the Key Component both in the narrative input for the MMR coordination process and in the MMR presentation itself.

d. Insufficient funds, i.e., "SHORTFALLS" must be addressed in the MMR narrative input and in the MMR presentation, including status of actions to resolve discrepancies or to identify funding. In the MMR, this will be done by the person making the presentation, with comments from N2 as appropriate.

2. The following definitions apply to terms used on the "FUNDING PROFILE" display:

a. PRIOR YEARS: FINPLAN amounts.

b. APPROVED: FINPLAN amounts.

c. BASELINE ESTIMATE: This is the estimated total cost of RDT&E or procurement starting with the first year the effort was included in the approved budget.

d. ACTUAL/APPROVED: Thus includes the effects of all program changes to date (quantities, schedules, inflation, technical characteristics, etc).

e. PMO ESTIMATE: This includes ACTUAL/APPROVED plus any new changes that are not reflected in the program (cost overruns, additional quantities required, new requirements, technical problems, etc).

**FORMATS, FORM,3****COLOR**

**TITLE**  
**FUNDING PROFILE**

APPROPRIATION \$ MILLIONS	PRIOR YEARS	APPROVED	BUDGET	PROGRAM				
		FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
RDT&E BASELINE ESTIMATE ACTUAL/APPROVED PMO ESTIMATE								
SHORTFALL								
PROCUREMENT BASELINE ESTIMATE ACTUAL/APPROVED PMO ESTIMATE								
SHORTFALL								
O&M ACTUAL/APPROVED PMO ESTIMATE								
SHORTFALL								

SOURCE: N2, N4, R4

AS OF:

**CONFIDENTIAL**



CLASSIFICATION \_\_\_\_\_

TOPIC: _____	TECHNICAL	(enter red, yellow, or green)
ORG: _____	SCHEDULE	"
MANAGER: _____	FINANCIAL	"
PHONE: _____	IN-HOUSE SUPPORT	"

SPECIAL ACCESS REQUIREMENTS: \_\_\_\_\_

TOPIC DESCRIPTION: This section must include a brief definition of the project or effort. Also, any background information which will facilitate the pre-MMR coordination, e.g., impact on other projects, efforts, or organizations, how the state of affairs evolved, etc., should be included.

TOPIC STATUS: This portion of the narrative should only include explanations of the problems being encountered in any of the four MMR categories. The following examples are provided as an aid for categorizing problems or families of problems, actual or likely.

TECHNICAL: Problems with equipment, its development or operation, software development, interfaces, interoperability, integration; a new area of discipline. In general any problem of a technical nature, either internal Agency or at a contractor, which affects the viability of the program.

SCHEDULE: Slippages in major or critical milestones regardless of cause; especially those related to contractor non-, or misperformance.

FINANCIAL: Cost overruns to include the reasons and those responsible; financial deficits due to changing requirements; projected funding short-falls.

IN-HOUSE SUPPORT: This is a broad category ranging from management to technical skills; any manpower shortages, current or projected, in numbers or skills; difficulty in performing tasks because of new technology; lack of trained/ skilled personnel; loss of key personnel; management disagreements between Key Components, between agencies; misaligned priorities between Key Components resulting in a slowing or lack of progress.





PERSONNEL PROFILE

Identifies the authorized and the assigned strength for both civilian and military personnel, the PMO estimates, if applicable, and any shortfalls (shortage of personnel).

# TITLE PERSONNEL PROFILE

MANPOWER	FY79 * (AVG)	APPROVED FY80	BUDGET FY81	PROGRAM		
				FY82	FY83	FY84
AUTHORIZED: CIV MIL						
ASSIGNED: CIV MIL						
PMO ESTIMATE *						
SHORTFALL						

\* IF APPLICABLE

CLASSIFICATION

SOURCE:  
AS OF

TAB  
D

#### MMR COLOR CODES

1. The MMR Color Codes are used to visually illustrate the severity of a particular problem. The point to keep in mind when using the color codes is that they are equally applicable to potential problems as they are to existing problems and that reporting in the MMR is primarily designed to provide early involvement by Senior Managers, i.e., in time to influence the outcome. Each category, i.e., TECHNICAL, SCHEDULE, FINANCIAL, and IN-HOUSE SUPPORT, is to be colored appropriately, both in the narrative and on the milestone chart.

2. The following guidelines apply to each color code:

a. GREEN (G): Satisfactory - status is either completely satisfactory or has minor problems which do or should not affect performance.

b. YELLOW (Y): Marginal - status reflects an existing problem whose solution is either not adequate or yet in hand but is believed to be within the program manager's or Key Component's ability to solve. Yellow is also applicable when a problem has not been scoped, and particularly as a medium for an alert to a potential problem.

c. RED (R): Unsatisfactory - a serious problem. Requires Key Components or higher level decision to solve, e.g., financial reprioritization is or will be required, termination of effort, transfer of personnel from one effort to another in order to maintain progress, inter-Key Component management impasse, etc. Also, contractor mal-, or nonperformance; sudden or unexpected cost growths or schedule slippages which affect current or future performance. This format should be used even if the MMR color coding and categories do not apply. "N/A" should be entered in Category Status blanks. The TOPIC DESCRIPTION and TOPIC STATUS should be thoroughly described in narrative.



DDA 82-0308/1

100010026-7  
FILE: ~~35~~  
1-1

30 April 1982

MEMORANDUM FOR: Executive Director

FROM: Harry E. Fitzwater  
Deputy Director for Administration

SUBJECT: Proposed Quarterly Management Review Process

1. The attached is in response to your direction to develop a project review process. We have tried to keep the process simple and reduce the amount of paper work involved in implementation.

STAT

2. Our current problems with SAFE and [ ] are good examples of why a senior management review such as this is desirable. I currently have a similar process being used in the DDA and find it to be an excellent means of keeping abreast of major office objectives.

3. There is little likelihood of this being readily accepted so you might wish to put it on an Executive Committee agenda for consideration if you agree with the proposed concept. We are ready to modify it as you desire and also help implement your final decision.

STAT

[ ]  
Harry E. Fitzwater

Attachment

DDA:HEFitzwater:kmg (29 Apr 82)

Distribution:

Orig - Adse

1 - ER

✓ 1 - DDA Subj

1 - DDA Chrono

1 - HEF Chrono

## Quarterly Management Review Process

### OBJECTIVE

The Quarterly Management Review (QMR) is to provide a project review forum for the Executive Committee. Its primary purpose is to surface significant project problems to senior Agency management so that they may have the opportunity to collectively address the issues involved and to participate in suggested solutions and alternate courses of action.

### AGENDA DEVELOPMENT

Topics for the QMR agenda may be submitted by the Deputy Directors, Executive Director, DDCI, or DCI. Those projects which cross directorate lines should be included for consideration as agenda items as well as troubled projects which adversely impact on the Agency's current or future operational capacity. All projects which total \$5M in a single year or \$15M or more over five consecutive fiscal years will be considered for inclusion on the agenda at least twice a year.

Each QMR agenda must also include those projects with unresolved issues from the previous QMR meeting. With these contributions submitted by the responsible senior managers, the QMR agenda will be prepared by the Executive Committee staff.

### PRESENTATION

Presentations at the QMR meetings will be made by the individuals directly responsible for the project (e.g., the program manager or the chief of the organization in which the problem is actually occurring).

The time allotted for a specific presentation will be 10 minutes, and will focus on issues or problems. Background information required for a better understanding of the topics will be provided to the Executive Committee staff so that it can distribute the information one week before the QMR meeting.

Background material will be furnished according to the following format (examples attached):

Tab A - FUNDING PROFILE The Funding Profile is a critical element of the QMR. Financial activity frequently affects other problems, particularly schedules. Therefore, it is absolutely essential that a thorough, coordinated profile be prepared for the QMR. Insufficient funds, i.e., "SHORTFALLS," must be addressed in the QMR narrative input and in the presentation, including status of actions to resolve discrepancies or to identify funding.

The following definitions apply to terms used on the "FUNDING PROFILE" display:

- a. PRIOR YEARS: Actual expenditures.



- b. APPROVED: Current fiscal year approved funding.
- c. BASELINE ESTIMATE: This is the estimated total cost of RDT&E or procurement starting with the first year the effort was included in the approved budget.
- d. ACTUAL/APPROVED: This includes the effects of all program changes to date (quantities, schedules, inflation, technical characteristics, etc.)
- e. PROGRAM MANAGER ESTIMATE: This includes ACTUAL/APPROVED plus any new changes that are not reflected in the program (cost overruns, additional quantities required, new requirements, technical problems, etc.)

Tab B - SCHEDULE PROFILE The Schedule Profile must include a brief definition of the activities planned with a projected schedule of major or critical milestones. The report will include any slippages in these milestones with information concerning the cause, particularly those related to contractor nonperformance or misperformance. It will also address other issues such as technical problems, difficulties in performing tasks because of new technology, loss of key personnel, management problems, misaligned priorities that result in a slowing or a lack of progress, etc.

Tab C - PERSONNEL PROFILE The Personnel Profile identifies the authorized and assigned staff and contractor strength of program personnel, the program management offices estimates, if applicable, and any shortfalls of personnel.

#### FOLLOW-UP ACTIONS AND SUBSEQUENT REPORTING

The Executive Committee report will include action items with specific responsibilities assigned. All actions should be completed by the deadline provided.

FUNDING PROFILE

Appropriation \$ Millions	Prior Years	Approved	Budget	Program				
		FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
RDT&E								
Baseline Estimate	1,000,000	1,500,000	2,000,000					
Actual/Approved	1,000,000	1,500,000						
PM Estimate	1,000,000	2,000,000	2,000,000					
Shortfall	-0-	500,000	-0-					
Procurement								
Baseline Estimate	750,000	1,000,000	2,000,000					
Actual/Approved	750,000	1,000,000						
PM Estimate	750,000	1,000,000	2,000,000					
Shortfall	-0-	-0-	-0-					
O&M								
Actual/Approved	-0-	-0-	-0-					
PM Estimate								
Shortfall	-0-	-0-	-0-					

(1) \$500,000 shortfall caused by 3-month delay in Systems Definition

CLASSIFICATION

O - Scheduled  
 --- Slippage  
 X - Date Completed  
 (X) - Completed on Schedule

Office:  
 Objective Statement:

Date Submitted:

Fiscal Year 1982

Activities Planned	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
1. Define System Output	(X)											
2. Finalize Contract			(X)									
3. System Definition				O	---	X						
4. Document Preparation								O				
5. Preliminary System Design										O		
6. Detailed System Design											O	
ISSUES:												

3. Contractor underestimated manpower required to meet systems definition on schedule.

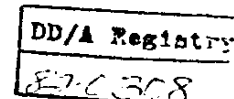
PERSONNEL PROFILE

Manpower	FY 81*	Approved	Budget	Program			
	(avg)	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
Authorized:	50	50	50				
Staff	5	5	5				
Assigned:							
Staff	5	5	5				
Contractor	45	45	45				
PM Estimate*	50	60	50				
Shortfall	-0-	10	-0-				

CLASSIFICATION

\*If applicable

10 additional contractor personnel required due to 3 months delay in Systems Definition



2 FEB 1982

MEMORANDUM FOR: Executive Director

FROM: Harry E. Fitzwater  
Deputy Director for Administration

SUBJECT: Comments on Monthly Management Review Process

1. While I have no doubt that the Monthly Management Review (MMR) process worked well at NSA, I have some concerns regarding its applicability here. The MMR uses the project approach for senior management review which is geared toward the monitoring of major technical systems over a substantial period of time. In DoD circles, it has been an effective management tool, but it appears to be somewhat foreign to our decentralized management procedures, particularly in view of our compartmentation and security considerations.

2. If an MMR system were to be adopted by us, a central staff may have to be established to manage the process. It would also appear to generate a substantial amount of paper which, in turn, would increase our administrative overhead. All of this effort would nevertheless be worthwhile if the respective Deputy Directors of the Agency were not knowledgeable regarding the status of the projects within their purview; this is not the case.

3. If there were perceived a need to adopt something similar to the MMR for this Agency, I would recommend that the projects to be tracked be few in number. These selected programs would be those which are truly significant by virtue of Congressional and OMB attention. In order to be truly effective and reduce the administrative burden, the process should involve quarterly rather than monthly review sessions. As you know, we have recently initiated a planning/tracking process in the Directorate of Administration. Time constraints on the part of the project managers, as well as our senior officers, dictate quarterly reviews rather than monthly sessions.

Harry E. Fitzwater

Harry E. Fitzwater

cc: Director/OL  
Director/ODP

STAT

DDA/MS [ ] (2Feb82)

Distribution:

Orig - Adse

✓ 1 - DDA Subject

1 - DDA Chrono

1 - DDA/MS Subject

1 - DDA/MS Chrono

1 - ER

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Comments on Monthly Management Review Process

DD/A Registry

82-0398

FROM: Harry E. Fitzwater  
Deputy Director for Administration  
7D18 HQ

EXTENSION

NO.

DATE

2 FEB 1982

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Executive Director  
Room 7D55 HQ

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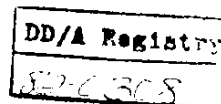
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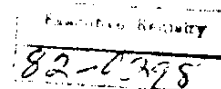
15.

*I would like to  
dinner at your  
convenience.*

DD/A REGISTRY  
FILE: 35



2 FEB 1982



MEMORANDUM FOR: Executive Director

FROM: Harry E. Fitzwater  
Deputy Director for Administration

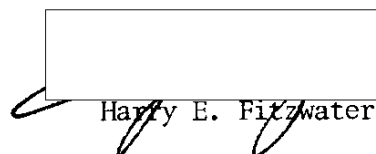
SUBJECT: Comments on Monthly Management Review Process

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2. If an MMR system were to be adopted by us, a central staff may have to be established to manage the process. It would also appear to generate a substantial amount of paper which, in turn, would increase our administrative overhead. All of this effort would nevertheless be worthwhile if the respective Deputy Directors of the Agency were not knowledgeable regarding the status of the projects within their purview; this is not the case.

3. If there were perceived a need to adopt something similar to the MMR for this Agency, I would recommend that the projects to be tracked be few in number. These selected programs would be those which are truly significant by virtue of Congressional and OMB attention. In order to be truly effective and reduce the administrative burden, the process should involve quarterly rather than monthly review sessions. As you know, we have recently initiated a planning/tracking process in the Directorate of Administration. Time constraints on the part of the project managers, as well as our senior officers, dictate quarterly reviews rather than monthly sessions.

STAT

  
Harry E. Fitzwater

cc: Director/OL  
Director/ODP